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FM AMEMBASSY JAKARTA

TO RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION

RUEHC/SECSTATE WASHDC 0091

INFO RUCPDOC/DEPT OF COMMERCE WASHDC

RHMFIUU/DEPT OF ENERGY WASHINGTON DC

UNCLAS JAKARTA 002492

SIPDIS

SENSITIVE

SIPDIS

DEPT FOR EAP/MTS AND EB/IFD/OIA

COMMERCE FOR 4430/GOLIKE

DOE FOR TOM CUTLER/PI-32 AND JANE NAKANO/PI-42

E.O. 12958: N/A

TAGS: [ECON](#) [EMIN](#) [ENIV](#) [PGOV](#) [ID](#)

SUBJECT: FREEPORT PAPUA MINE CLOSED BY ILLEGAL MINERS

REF: JAKARTA 1185

¶11. (SBU) Summary. Approximately 400 illegal miners in Papua launched a picket of Freeport-McMoRan's Grasberg Mine on February 21, forcing its temporary closure for the past 48 hours. As of COB February 23, the mine remained closed. In a separate but perhaps related incident, at approximately 04:00 on 23 February about 30 Papuan students attacked the building in which Freeport rents space for its Jakarta office. None was injured. It is unclear whether the two incidents are related to the recent, controversial New York Times reports on Freeport's payments to the Indonesian armed forces for security services. End summary.

¶12. (SBU) On February 21, approximately 400 illegal miners in Papua launched a picket of Freeport-McMoRan's Grasberg Mine, forcing its closure through COB February 23. Some of the illegal miners fired arrows at police and Freeport employees on February 21, resulting in six injured. The illegal miners sift through mine tailings looking for minute traces of copper and gold, a practice the company discourages because the illegal miners use harmful chemicals to leach out the minerals. Freeport is concerned about the legal liability for the environmental damage that illegal miners cause, as well as the possibility of exposing themselves to public relations attacks for contributing, even if only indirectly, to harming the environment.

¶13. (U) The picket began when Indonesian security forces attempted to evict the miners on February 21. The miners are requesting a meeting with Freeport managers and the mayor of Timika, the local town around the mine. Freeport Chairman Jim Bob Moffett told the Ambassador in a February 23 telephone call that his first priority is the safety of his employees, and that Freeport has requested that the Indonesian police do everything possible to resolve the stand-off in a peaceful manner.

¶14. (U) In a separate but perhaps related incident, at approximately 04:00 on February 23 about 30 Papuan students attacked the building in which Freeport rents space for its Jakarta office. The attackers broke some of the building's ground floor windows and damaged the main security post, according to a Freeport spokesman. The incident got coverage on local early morning TV news programs, suggesting a well orchestrated publicity stunt.

¶15. (SBU) Moffett said Freeport is certain that the mine protest was "bought and paid for" by someone, but the company is not sure who signed the check. They are also unsure of the connection, if any, with the incident at their offices in Jakarta last night. Senior Vice President Dan Bowman told us

that the timing of the two incidents is unlikely to be coincidental. Bowman said they are also unsure if a connection exists between the two recent incidents and the recent New York Times stories on Freeport's payments to the TNI and police. He also said it is unclear whether Freeport's opponents in Indonesia are independently taking the opportunity to score public relations victories, or perhaps seeking payoffs to end the protests, or whether the two events are part of an orchestrated campaign by powerful economic nationalists to drive the company out of Indonesia and obtain the ten percent Government of Indonesia equity stake in the Papua mine on the cheap. (see reftel).

¶6. (U) The mine protest has attracted significant local press attention and increasing international media interest. On 23 February, President Susilo Bambang Yudhoyono reportedly announced that he has ordered Minister of Energy and Mineral Resources Purnomo Yusgiantoro to coordinate with security officials to resolve the mine dispute, saying he feared a loss of national income and royalty payments if the mines stay closed.

PASCOE